

## Message Text

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67

ACTION EUR-25

INFO OCT-01 IO-14 ISO-00 SAM-01 SAJ-01 NEA-14 AGR-20

CEA-02 CIAE-00 COME-00 DODE-00 EB-11 FRB-03 H-03

INR-11 INT-08 L-03 LAB-06 NSAE-00 NSC-07 PA-04 RSC-01

AID-20 CIEP-03 SS-20 STR-08 TAR-02 TRSE-00 USIA-15

PRS-01 SP-03 OMB-01 SWF-02 FEA-02 DRC-01 /213 W

----- 131051

R 241706Z SEP 74

FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC 7521

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY OTTAWA

AMEMBASSY ROME

USMISSION GENEVA

USMISSION OECD PARIS

AMEMBASSY THE HAGUE

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E.O. 11652: N/A

TAGS: ETRD, EEC, CAN

SUBJECT: EC-CANADA RELATIONS

REF: A) EC BRUSSELS 7344 B) OTTAWA 2781 C) PARIS 17342

D) EC BRUSSELS 4198 E) STATE 110846

1. SUMMARY: CANADIAN AMBASSAODR TO EC SHARES VIEW OF  
THE COMMISSION THAT A BROAD ECONOMIC COOPERATION AGREE-  
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MENT, NOT A NARROW TRADE AGREEMENT, IS MOST APPROPRIATE

FORM FOR EC/CANADA "CONTRACTUAL RELATIONSHIP".  
CANADIANS STILL CONSIDER BILATERAL POLITICAL DECLARATION OF SECONDARY IMPORTANCE. PRIME MINISTER TRUDEAU'S VISIT EXPECTED TO RESULT AT BEST IN JOINT STATEMENT WITH THE COMMISSION SINCE THERE IS NOT ENOUGH TIME TO GET MANDATE FROM THE EC COUNCIL. END SUMMARY.

2. LANGLEY, CANADIAN AMBASSADOR TO EC, DESCRIBED TO AMBASSADOR GREENWALD ON SEPT. 23 THE CURRENT STATE OF THE DISCUSSIONS BETWEEN THE EC AND CANADA PURSUANT TO THE CANADIAN AIDE MEMOIRE OF APRIL 20. IN THAT NOTE THE CANADIAN GOVERNMENT SOUGHT TO "MAKE PROPOSALS WHICH, IT IS HOPED, WILL SERVE THE EXPRESSED INTENTION OF BOTH CANADA AND THE NINE TO ADD FURTHER SUBSTANCE TO THEIR RELATIONS."

3. LANGLEY EXPLAINED THE CANADIAN EFFORT TO REACH A FORMAL AGREEMENT WITH THE EC BASED ON THREE DESIDERATA:

- (A) CANADA CANNOT, LIKE THE US, DEPEND ON ITS "ECONOMIC WEIGHT" TO INSURE THAT ITS INTERESTS ARE TAKEN INTO ACCOUNT BY THE COMMUNITY; IT NEEDS A "CONTRACTUAL RELATIONSHIP" TO REINFORCE ITS POSITION.
- (B) AN AGREEMENT WOULD FOSTER CANADIAN INTEREST IN RELATIONS WITH EUROPE.
- (C) AN AGREEMENT WOULD CONTRIBUTE TO THE DIVERSIFICATION OF CANADIAN FOREIGN RELATIONS.

4. LANGLEY ASCRIBED THE CANADIAN PREFERENCE FOR A NARROW, "GATT-TYPE", TRADE AGREEMENT TO THE OTTAWA VIEW THAT THE COMMISSION'S COMPETENCE WAS LIMITED TO THE TRADE FIELD. HE HIMSELF, HOWEVER, WAS SYMPATHETIC TO THE COMMISSION VIEW, EXPRESSED IN ITS "COMMUNICATION" OF SEPTEMBER 12 (REFTEL A), THAT A BROADER ECONOMIC COOPERATION AGREEMENT WAS PREFERABLE. SUCH AN AGREEMENT MIGHT INCLUDE AN "3.9)7589,-46" CLAUSE SIMILAR TO THE PROVISIONS IN OTHER EC AGREEMENTS ENVISAGING EXTENSION INTO NEW SUBSTANTIVE AREAS AS COMMUNITY POLICIES ARE LIMITED OFFICIAL USE

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DEVELOPED. LANGLEY SAID THAT SOME EC MEMBER STATES--WHICH HAD AN INITIAL OPPORTUNITY TO DISCUSS THE COMMISSION VIEWS IN A COMMITTEE OF PERMANENT REPRESENTATIVES (COREPER) MEETING ON SEPT. 12--WERE SYMPATHETIC TO THE IDEA OF SUCH A BROAD AGREEMENT.

5. WITH RESPECT TO THE IDEA OF A PARALLEL

EC/CANADIAN POLITICAL DECLARATION, LANGLEY THOUGHT THAT IDEA WOULD DISAPPEAR ALONG WITH THE US/EC DECLARATION. THE NATO ATLANTIC DECLARATION COVERS CANADA'S POLITICAL INTERESTS. THEREFORE, WHILE CANADIAN OFFICIALS ARE MEETING WITH EC POLITICAL DIRECTORS IN NEW YORK THIS WEEK, THEIR PURPOSE WILL BE TO URGE THE POLITICAL DIRECTORS TO LOOK FAVORABLY ON CONCLUSION OF AN ECONOMIC AGREEMENT. (FIELDING, THE COMMISSION'S DIRECTOR FOR NORTH AMERICAN RELATIONS, HAS TOLD US HE, TOO, WILL BE IN NEW YORK TO MEET WITH THE CANADIANS.)

6. WHILE PRIME MINISTER TRUDEAU'S VISIT TO BRUSSELS ON OCT. 23-25 WILL BE A SIGNIFICANT EVENT IN EC-CANADA RELATIONS, LANGLEY DOES NOT EXPECT THE COMMUNITY TO BE READY TO CONCLUDE ANY SORT OF FORMAL AGREEMENT BY THAT TIME; THE ONE COUNCIL OF MINISTERS MEETING BETWEEN NOW AND THEN WILL NOT SUFFICE TO FORMULATE A MANDATE. THE QUESTION IN LANGLEY'S MIND IS HOW FAR THE COMMISSION, ACTING MAINLY ON ITS OWN BUT ON THE BASIS OF CONSULTATION WITH COREPER, WILL BE ABLE TO GO ALONG THE RANGE BETWEEN A UNILATERAL TRUDEAU STATEMENT AND A JOINT STATEMENT. THE CANADIAN PREFERENCE, OBVIOUSLY, WOULD BE FOR THE LATTER.

7. IN THE COURSE OF THE DISCUSSION, WE WENT OVER THE OBJECTIONS WHICH HAVE BEEN RAISED TO NARROW TRADE AGREEMENT--MAINLY THAT IT SEEMED TO BE UNNECESSARY IN LIGHT OF GATT OBLIGATIONS OR IT MIGHT BE SEEN TO BE UNDERMINING THE GATT. WHILE A BROADER--AND VAGUER--AGREEMENT MIGHT BE LESS OBJECTIONABLE, MUCH WOULD DEPEND ON ITS CONTENT; IF IT DEALT WITH LIMITED OFFICIAL USE

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SUPPLY ACCESS OR JOINT VENTURES, FOR EXAMPLE, IT COULD RAISE PROBLEMS. IN ANY EVENT, AN EC/CANADIAN AGREEMENT OF ANY SORT WOULD SET A PRECEDENT WHICH OTHER INDUSTRIALIZED, MARKET ECONOMY COUNTRIES MIGHT WANT TO FOLLOW. LANGLEY NOTED THAT THIS POINT HAS ALREADY BEEN MADE BY COMMISSIONER SOAMES.

8. COMMENT: FROM LANGLEY'S COMMENTS, FROM THE COMMISSION PAPER (REFTEL A) AND FROM OUR CONTACTS IN BRUSSELS, IT APPEARS THAT DESPITE PROBLEMS RAISED BY AN EC/CANADA AGREEMENT, NO ONE IS PREPARED TO REBUFF THE CANADIANS. GREENWALD

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